

Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-07 CEA-01 /103 W
-----076198 220926Z /13

R 220815Z MAY 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 8110
INFO AMEMBASSY BANGKOK
AMCONSUL HONG KONG
AMEMBASSY JAKARTA
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY PARIS
USLO PEKING
AMEMBASSY SINGAPORE
AMEMBASSY VIENTIANE

LIMITED OFFICIAL USE SECTION 01 OF 02 TOKYO 09133

USOECD

E.O. 11652: N/A
TAGS: ETRD, EFIN, EINV, JA, VN
SUBJECT: JAPAN, VIETNAM DEVELOP NEW ECONOMIC RELATIONS

REF: TOKYO 8035

1. SUMMARY: IN WAKE OF RECENT AGREEMENTS REACHED
BETWEEN JAPAN AND VIETNAM ON REPAYMENT OF FORMER SAIGON
REGIME'S DEBTS AND ON JAPANESE AID TO VIETNAM, JAPANESE
PRIVATE BANKS HAVE AGREED TO PROVIDE TWO LOANS TO
VIETNAMESE, AND A DELEGATION OF LEADING JAPANESE
BUSINESSMEN IS TO VISIT HANOI DURING LAST WEEK OF MAY.
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END SUMMARY.

2. DURING LAST WEEK JAPANESE AND VIETNAMESE HAVE MOVED
THEIR ECONOMIC RELATIONSHIP FORWARD ON TWO FRONTS. ON
MAY 16 IT WAS ANNOUNCED THAT A SEVEN-MAN DELEGATION
FROM THE KEIDANREN, JAPAN'S MOST POWERFUL BIG BUSINESS
ASSOCIATION, WOULD VISIT VIETNAM FROM MAY 22 TO MAY 27.

THE GROUP DEPARTED MAY 19 FOR A THREE-DAY STOPOVER IN PEKING ON THE WAY TO HANOI. ON MAY 18 THE BANK OF TOKYO ANNOUNCED THAT TWO JAPANESE LOANS WILL BE PROVIDED TO HANOI, EACH BY A SEPARATE CONSORTIUM OF PRIVATE BANKS. ONE LOAN WILL FINANCE THE PURCHASE OF SHIPS; THE OTHER, OF YARN.

3. THE KEIDANREN VISIT IS A PROPOSAL THAT HAS BEEN HANGING FIRE FOR AROUND TWO YEARS WHILE QUESTION OF FORMER SAIGON REGIME'S DEBT TO JAPAN WAS SORTED OUT. ON APRIL 28, 1978, WITH SIGNATURE OF AGREEMENTS COMMITTING HANOI TO REPAY DEBT AND COMMITTING JAPAN TO PROVIDE ECONOMIC ASSISTANCE TO VIETNAM, THIS OBSTACLE WAS REMOVED.

4. IN HANOI, THE MISSION WILL CONFER WITH VIETNAMESE OFFICIALS (INCLUDING FOREIGN TRADE MINISTER DANG VIET CHAU), WHO, KEIDANREN OFFICIALS BELIEVE, ARE LIKELY TO WANT CAPITAL TO DEVELOP AGRICULTURAL, FORESTRY, AND FISHERIES RESOURCES IN LINE WITH THE VIETNAMESE GOVERNMENT'S EFFORTS TO REVIVE ACTIVITY IN THESE SECTORS. IN ADDITION KEIDANREN BELIEVES VIETNAM MAY ASK FOR HELP IN DEVELOPING INDUSTRIAL INFRASTRUCTURE INCLUDING PORT FACILITIES. KEIDANREN WILL BE PREPARED TO SEND TECHNICAL MISSIONS IN RESPONSE TO SPECIFIC VIETNAMESE PROPOSALS.
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5. THE JAPANESE MISSION IS TO BE LED BY TATSUZO MIZUKAMI, CHAIRMAN OF KEIDANREN'S FOREIGN TRADE COMMITTEE AND COUNSELOR, MITSUI AND CO. OTHER MEMBERS ARE KIKUO IKEDA, PRESIDENT, NIPPON KOEI (ENGINEERING AND CONSULTING) CO.; KENICHI MIYA, DIRECTOR, KIKUSAI DENSHIN DENWA (JAPAN'S INTERNATIONAL TELECOMMUNICATIONS) CO.; AKIRA MATSUZAWA, DIRECTOR, JAPAN PETROLEUM DEVELOPMENT CORP.; SABURO KAWAI, EXECUTIVE DIRECTOR, INTERNATIONAL DEVELOPMENT CENTER OF JAPAN (A PRIVATE RESEARCH AND TRAINING ORGANIZATION SPECIALIZING IN ECONOMIC DEVELOPMENT AND SUPPORTED PARTLY FROM BUSINESS AND PARTLY FROM GOVERNMENT SOURCES); TAKU ISHIHARA, DIRECTOR, BANK OF TOKYO; AND RIKUZO KOTO, SENIOR MANAGING DIRECTOR, KEIDANREN.

6. WITH RESPECT TO THE PRIVATE SECTOR LOANS, TOKYO FINANCE (ASIA) LIMITED, BANK OF TOKYO'S WHOLLY OWNED SUBSIDIARY BASED IN HONG KONG, IS TO ACT BOTH AS COORDINATOR FOR AND AS MEMBER OF EACH CONSORTIUM.

7. ONE OF THE LOANS, FOR 23,793,000 FRG MARKS (ABOUT \$11.9 MILLION) REPAYABLE WITHIN FIVE YEARS, IS TO BE

FINANCED BY A CONSORTIUM OF NINE BANKS AND IS TO BE USED FOR THE PURCHASE OF FOUR USED SHIPS. BANK OF TOKYO INFORMS US ON CONFIDENTIAL BASIS THAT THE SELLER IS KANE-MATSU GOSHO, A LEADING JAPANESE TRADING FIRM.

8. THE OTHER LOAN, FOR 10,400,000 FRG MARKS (\$5.2 MILLION) REPAYABLE WITHIN THREE YEARS, WILL BE FINANCED BY A SEVEN-BANK GROUP AND WILL BE USED TO BUY VISCOSE RAYON YARNS FROM C. ITOH AND CO. (PROTECT, AS ABOVE).

9. INTEREST RATES FOR BOTH LOANS, ACCORDING TO THE BANK OF TOKYO, WERE DETERMINED BY ADDING A FIXED MARGIN TO THE EURO MARK RATE (CURRENTLY ESTIMATED BY BANK OF TOKYO AT 3.5 PERCENT PER ANNUM). BOTH CONSORTIA CONSIST

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OF CITY BANKS, TRUST AND BANKING COMPANIES, AND A SINGLE LONG-TERM CREDIT BANK. MANSFIELD

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